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Mills, Ogden Livingston

The direct tax and the 1915 Appropriation bills

New York

[1915]

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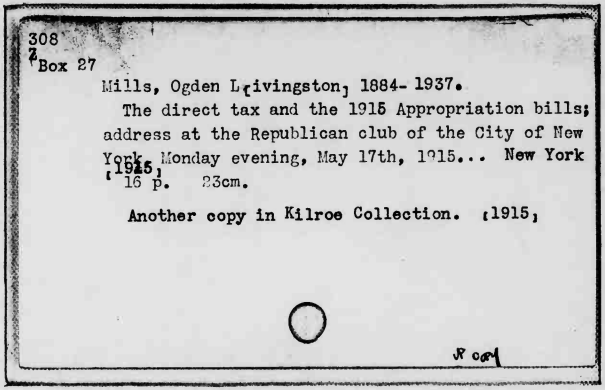

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President Butler.

JUN 5 - 1915

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Box 27

THE DIRECT TAX

AND

The 1915 Appropriation Bills

ADDRESS OF

OGDEN L. MILLS

AT

THE REPUBLICAN CLUB

OF THE CITY OF NEW YORK

MONDAY EVENING, MAY 17th, 1915

PUBLISHED BY

THE REPUBLICAN CLUB

OF THE CITY OF NEW YORK

THE FREYTAG PRINTING CO. 42-44 BOND ST., NEW YORK

Mar. 31, 1916 - 03 03.

The topic upon which I have been invited to speak is, at best, a diffcult one;—difficult because our State system of finance is hopelessly complicated, inadequate and unscientific. The task of making entirely clear to you the financial necessities of the State government, of justifying the various appropriations and of analyzing the Appropriation, Supply, Construction and Special bills, thus demonstrating the necessity for a direct tax, would be, under any circumstances, a laborious and intricate one; but it is exceptionally so today, because of the confusion with which the whole subject has been surrounded, and because of the many misstatements which have been made. Whether the people outside of the City of New York understand the situation or not, I am reasonably satisfied that the majority of our citizens here in New York City wrongly believe that they are being mulcted by an extravagant and inefficient administration. And this is quite natural in view of the very unfair attitude taken by the press, which has merely presented one side of the case, and of the inaccurate statements made by representatives of the city government. For my part, I am willing to state, without hesitation or equivocation, that any reasonable and fair-minded man who will make a first-hand investigation of the situation will be convinced that the appropriation bills in the main are not only entirely justified, but that any material reduction is out of the question if the needs of the State are to be satisfied and its obligations met.

The total appropriations for the period beginning January 1, 1915, and ending October 1, 1916—and note that this is for a period considerably in excess of one year—amount in round numbers to $64,000,000. Of this amount $9,090,020.92 belong to the various sinking funds, The balance of $55,000,000 is made up as follows:

Appropriation Bill	$33,271,733.58
Supply Bill	5,592,975.24
Construction	3,818,142.19
Special Bills	8,208,000.00
Local Bills	449,000.00
Canal Completion Fund	3,654,000.00

A brief word in explanation of the nature of the various bills.

The Appropriation bill contains the necessary appropriations for the support of government for the succeeding fiscal year, and I may say is always supposed to contain a sufficient amount for such needs, though

one of the main causes for the increase this year is due to the fact that the Glynn Appropriation bill did not contain the necessary amount for the purposes of the present fiscal year.

The Supply bill contains such emergency items as could not be foreseen when the Appropriation bill was adopted. In addition there are in the present Supply bill many deficiency items which were certainly foreseen but for which no provision was made.

In the Construction bill are found the sums appropriated for new buildings, the repairs of old buildings, and all matters pertaining to the construction in the various State institutions, including hospitals, prisons, etc.

Finally, there are always special bills, treated separately because of their nature, and local bills intended to meet local needs.

Returning now to this year's bills, let us first consider the item of $449,000 for local bills, frequently termed the "State Pork Barrel Bills." In this connection I desire to call your attention to the fact that the appropriation for local purposes this year is the smallest that has been made by any Legislature in years. The figures speak for themselves, but I can assure you from my own personal knowledge that it was the policy of the majority in the Senate to postpone this year all local improvements, no matter how desirable, except those that were absolutely necessary, and that this policy was strictly adhered to.

Turn next to the Supply bill. Last year's Supply bill, adopted when Mr. Glynn was Governor, amounted to $2,230,332; and if we are to believe the affirmations of the then Governor, the great advocate of economy, those figures represent that minimum below which it was impossible to reduce it. The Supply bill this year amounts to $5,592,-975.24, or an increase of a little over $3,000,000. Of this, at least $2,500,000 is accounted for by appropriations to meet the deficiencies due to the false economy of the last Appropriation bill, which did not make adequate provision for the current expenditures of this fiscal year. I have not the time to give you in detail all of these deficiencies, but the following large items, which aggregate almost $2,000,000, are typical:

1. No provision whatsoever was made for this year's Legislative printing, the cost of which amounts to some $300,000.

2. The appropriation for canal repairs and lock-tenders was reduced from $900,000, which had been the allowance for a number of years, to $600,000, resulting in a deficiency of over $330,000. I shall

deal in more detail with this particular item when I answer some of the specific claims made by Messrs. Mitchel and McAneny.

3. The Prison Department has found itself $95,000 short, which amount represents the excess cost of administration over the amount appropriated to defray that cost, and the Republican Party is in no sense responsible for the expenses of administration.

4. The Supply bill item for the State Hospitals amounts to $616,-687.75, which sum, according to the statement of the representatives of these institutions, does not exceed the appropriations called for by their extreme necessities. In this connection, allow me to read a brief extract from a letter of Mr. Andrew E. Morgan, Chairman of the State Hospital Commission:

"The appropriation bill for the current fiscal year provided $6,285,-911.89, which is $897,637.11 less than the amount the Commission estimated to be necessary, and if the total amount contained in the Supply bill as above, $616,687.75 is appropriated, the moneys available for the current year will still be $280,949.36 less than the Commission's original estimate of the amount required.

"The actual cost of maintaining the State hospitals for the insane during the last fiscal year was $6,684,376, or $361,239.71 more than the amount provided for in the appropriation bill for the current fiscal year. Therefore, if the entire $616,687.75 appearing in the Supply bill is appropriated, the hospitals will spend but $256,448.04 more than last year, notwithstanding the fact that they will have to care for from seven to eight hundred more patients at a per capita cost of over $200—an increase of approximately $150,000—and the further fact of a large increase in the cost of certain commodities. The increase in the cost of flour alone is estimated at $90,000, meat $20,000, and other supplies bring the indicated approximate increase up to $150,000, a total increase of not less than $300,000 over last year's expenditures on last year's basis. * * *

"The daily per capita cost last year for each patient was fifty-seven cents and collections from reimbursing patients and miscellaneous receipts reduce the net cost to the State to about fifty-two cents per diem—a figure which the Commission respectfully urges is not extravagant when it is remembered it includes food, clothing, lodging, laundry work, heat, light, amusement, medical and nursing care and supplies; in other words, the entire needs of the hospital population."

5. There is a deficiency of $60,000 in the Health Department. As we all know, Dr. Biggs is the head of that department, a man, I think it is fair to state, who has the full confidence of the residents of New York City. Although Dr. Biggs has reorganized the Health Department and effected all possible economies, he found it necessary to request the Legislature to put in the Supply bill an item of $60,000 in order to make up for the deficiency in the Glynn Appropriation bill.

6. The deficiency in the Department of Education amounts to $230,000, and here again I should like to quote from a letter of Dr. Thomas E. Finegan, Assistant Commissioner:

"The amount required to apportion to the several cities and school districts of the State the payments due for supervision, district and teachers' quotas, for the school year ending July 31, 1914, is $5,579,509.69.

"The Legislature of 1914 appropriated to meet these payments but $5,350,000.

"This leaves, therefore, as nearly as can be determined without an actual apportionment, a deficiency of $229,509.69.

"The amount included in the appropriation bill each year for this specific purpose is estimated and is based upon apportionments for previous years, taking into consideration the normal increase in attendance of pupils and therefore in the number of teachers employed. The official reports on which the apportionment is based are not filed at this department until after the close of the school year, which is July 31. There is an abnormal increase in the City of New York for the last year, the increase of that city alone being $179,404.73. One-half of the apportionment for the last year has already been paid and the other half is now due, but full payments cannot be made to the several cities and school districts of the State until the $230,000 in the Supply bill is available.

"This item is not to meet an anticipated increase required for payments to be made in October next. This item is to meet payments which are now due by apportionments, made in accordance with law, for the year ending July 31, 1914."

These items which I have just cited are typical of the failure to make adequate appropriations, which was the notable feature of the 1914 Appropriation bill, and aggregate, as I have already stated, approximately $2,500,000. If to this amount we add the unusual item of $730,000 to pay the State's obligations for horses and cattle slaughtered on account of

tuberculosis, glanders and foot and mouth disease, it will leave but $2,300,000 to be accounted for, or an amount approximately the same as last year's bed-rock Supply bill. I shall deal with the necessity for the item of $730,000 when I come to answer our critics.

The Appropriation bill aggregates $33,271,733.58, or an apparent increase over last year's Appropriation bill of $2,995,185.33. However, in comparing the former with the latter, we must take into account that the 1914 bill did not fully provide for the needs of the present fiscal year, and that the following items are properly chargeable to last year's Appropriation bill:

Workmen's Compensation	$600,000
Legislative Printing	300,000
Canal Repairs and Lock-tenders.....	340,000
Prison Department	95,000
Charitable Institutions	616,000
Education Department	230,000
National Guard	100,000
Or a total of	$2,281,000

These are the large items, and though the amount just cited does not by any means include all the deficiencies, it brings the total amount of the 1914 appropriations to the sum of $32,557,548.25, or approximately half a million dollars less than this year's bill. If all the deficiencies are included, it will be found that this year's Appropriation bill is substantially less than last year's.

It is worthy of note that Mr. Delaney, a Democrat, who was the head of the Department of Efficiency and Economy, in a report transmitted to the Legislature on the 21st of January, 1915, recommended appropriations amounting to $34,374,624, or almost a million dollars in excess of the Appropriation bill actually passed by the Legislature.

I do not want you to understand by this that there are not some items which might possibly be somewhat reduced, but after examining this bill with considerable care and in some detail, I am satisfied that it represents a conscientious and painstaking effort to reduce appropriations to a minimum.

There is one principle of budget-making which is admittedly a cor-

rect one, and that is to include in the appropriation bills all such amounts as will be necessary to meet the actual needs of the State during the next fiscal year. It has been the only too frequent custom in the past for administrations to stimulate economy by adopting a small appropriation bill, leaving the deficiencies to be made up by the ensuing Legislature Such a policy has been definitely abandoned. It is the belief of those who have prepared the present bill, that it anticipates all reasonable and likely contingencies, and that no supply bill will be necessary next year. In short, a policy of pay-as-you-go for the State has been adopted.

In so far as the Construction bill of $3,818,142.19 is concerned, the following figures are significant:

The appropriations for constructions and repairs of the State buildings for the fiscal years 1912, 1913 and 1914 were as follows:

Dix, 1912	$9,879,000.35
Sulzer, 1913	6,974,593.21
Glynn, 1914	1,306,969.14

These figures make it but too plain that the Glynn administration practically abandoned the construction and repair of State institutions, and this, of course, has created all the greater burden to be borne this year. Here again it is worthy of note that Mr. Delaney, in the Report of the Department of Efficiency and Economy, states that in addition to the amount specifically recommended, approximately $2,000,000 must also be appropriated for improvements and additions to State hospitals and State charitable institutions. If to this two millions you add such items as $150,000 for Cornell University; $200,000 for the construction of buildings, dormitories, etc., for the New York State School of Agriculture on Long Island; $230,000 for arsenals and armories, of which all but $75,000 is called for to complete construction contracts made in pursuance of Acts of the Legislatures of 1913 and 1914; $300,000 for State prisons, including the construction and equipment of a separate tuberculosis hospital, and $750,000 for the elimination of grade crossings, your Construction bill is largely accounted for.

In this appropriation bill the Governor is effecting some further economies, but in my opinion he will find it impossible to make any very substantial reductions. Prisons, hospitals and charitable institutions must not only be kept in repair, but their capacity must be enlarged to keep pace with the normal increase of occupants. It cannot be assumed that

the people of this State desire to effect economies by overcrowding prisoners or patients, or by allowing the buildings in which they are housed to fall into disrepair to the detriment of the occupants.

Of the $750,000 item for the elimination of grade crossings, I shall speak later.

The Special bill item is made up of the necessary annual charge for the repairs and maintenance of the various highways of the State $5,951,000
For the Constitutional Convention 515,000
For the Census 465,000
For the Workmen's Compensation Commission an inherited deficiency 425,000
For the Hospital Construction 300,000
For Canals, made necessary in connection with the new Canal 380,000
For Emergency Items 115,000
Other Small Items 57,000

Of this total, only one part requires explanation, to wit: The $5,951,000 appropriated for highway repairs and maintenance, and that item I shall deal with in connection with the Mayor's criticism.

Of our big bills, that leaves but the $3,700,000 appropriated for Canal construction to be accounted for. Suffice it to say that this amount is necessary either to complete the contracts already in force (which contracts were let by the previous Administration), or for the payment of work actually completed. Mr. Glynn cannot escape the responsibility for any part of the item. It is, of course, improper that this amount should be raised by direct taxes rather than by the sale of bonds, and for two successive years the State Engineer urged a referendum to complete the work, but Mr. Glynn refused to consider his demands or to submit the question to the people at the polls last fall.

Mr. McAneny's suggestion that the Comptroller borrow the $3,700,000 and rely either on a bond issue to be authorized next fall to repay the loan, and failing that, on a direct tax, is unfortunately clearly unconstitutional, which fact seems to have escaped his attention.

This completes a very brief and sketchy analysis of this year's finance bills. It is obviously out of the question for me in the time at my disposal to justify and explain the many hundred items that go to make up the total. It has occurred to me that perhaps the best way to establish the

care with which these bills have been prepared and the necessity for the large amounts that have been appropriated, is to expose the unsoundness of the criticisms which have been leveled at this particular work of the present Legislature. It is fair to assume that, after studying these bills for many weeks, the critics have selected as a basis of attack those items which they considered the most vulnerable, and if in these instances the criticisms be unfounded, I think we can safely say that the other items must be wholly justified.

Mayor Mitchel, you will remember, issued a short while ago a detailed statement in which he undertook to show how a saving of some $18,000,000 could be effected, basing his argument on a few selected items in the various bills.

First. As to the Canal Lock-tenders. Mayor Mitchel stated:

"The supply bill appropriates $330,000 for lock-tenders along the canal. Six hundred thousand dollars was appropriated for this purpose in the general appropriation bill last year, and the total appropriations made available for this year are, therefore, $930,000.

"As parts of the old canal are abandoned for the new barge canal, the cost of lock-tending should naturally decrease. Turning to 1913 we find that only $825,000 was appropriated for canal lock-tenders in that year. With one-third of the canal abandoned $600,000 should have been sufficient for this year. Why does the Legislature appropriate $300,000 more, especially when the Superintendent of Public Works has announced that he is reducing expenses along the old canal?"

Superintendent of Public Works Wotherspoon states the appropriation for maintaing navigation on the canal for the fiscal year ended September 30, 1914, was $900,000, and a similar sum was recommended to the Legislature by the then Superintendent of Public Works for the present fiscal year. At the legislative session of 1914, when it was proposed to cut the sum to $600,000, such action was vigorously opposed by the then Superintendent.

In November, 1914, the Democratic Superintendent of Public Works stated:

"The appropriation asked for and allowed for canal repair, maintenance and operation in the Appropriation Act of 1913 was $900,000. and a like sum was asked for such purpose at the legislative session of 1914. The amount appropriated in chapter 529, Laws of 1914, was $600,000

only. **I know of no basis on which the reduction was made, and the reduced amount is utterly inadequate for the purpose intended.**

"During the season of navigation of 1914, through the completion of most of the larger construction contracts, considerable sections of the canal have been placed in commission and such completed portion will be further augmented at the opening of the season of 1915, which is to be covered by this appropriation. The amount of the department's requisition was based on fixed charges, and on the cost of labor and material necessary for the maintenance of navigation. No way can be devised by which the maintenance and operation charges may be kept within the amount provided in the current Appropriation Act."

Although the policy of economy and retrenchment has been rigidly pursued since the 1st of January, 1915, there remained in the fund for the maintenance for navigation on April 19, 1915, the sum of but $228,988.83, with which it is manifestly impossible, when the operating forces are assigned to duty, to maintain navigation on the canal beyond the early summer.

Since 1913 many large sections of the Barge Canal have been completed and turned over to this department for maintenance and operation.

It is a fact admitted by all familiar with canal conditions, that the cost of maintaining navigation on the Barge Canal must exceed the expense of maintaining navigation on the present canal system.

Second. Appropriations for Payment of Owners of Diseased Cattle.

Mayor Mitchel says: "The Supply bill also appropriates $300,000 for payments to the owners of diseased cattle for the destruction of animals affected with foot and mouth disease. It is not at all necessary that this appropriation be made at this time. **Not a single claim against the State has been proved.**"

What are the facts? The appraised value of the animals slaughtered was $586,142, which appraisals were made by representatives of the United States Government and the Government of the State of New York. The United States Government has made an appropriation to pay its one-half of this amount. The remaining one-half is the amount of the value of the claims that have been presented to this State for payment **and which have been audited and approved as being correct.**

Third. The Appropriation for the Maintenance and Repair of State and County Highways.

Mayor Mitchel says: "The increase in the appropriation for the maintenance of State and county roads is equally inexcusable. The bill devotes $1,500,000 more to the alleged maintenance of State county highways than was appropriated last year. That this bill is honeycombed with appropriations actually for the construction of town and village streets under the guise of maintenance, has been already demonstrated."

Superintendent of Highways Duffy states:

"On April 1, 1914, the total available balance on hand for maintenance and repair work was $2,243,000. There was, however, due on 1910, 1912 and 1913 contracts which were not completed or before the Board of Claims, $445,500, leaving an actual available cash balance on April 1st, for the year 1914, of $1,797,400.

"The legislative appropriation in accordance with chapter 522, Laws of 1914, was $2,243,228.52, which in rounds figures gave an actual cash balance for 1914 work of $4,040,000, of which amount $3,237,000 was spent in 1914 for maintenance and repairs, from appropriations made by Legislature, which would leave on hand, April 1, 1915, a balance of $802,900 chargeable, against which is the amount due on 1910, 1912 and 1914 contracts of approximately $170,000. This left approximately $632,900 on hand for 1915 work.

"The 1915 appropriation bills were made up as follows:

"One bill appropriated $1,634,277.01, which amount represented the total in the hands of the State Treasurer collected by automobile tax up to and including the 31st day of January, 1915.

"A separate bill provided that $500,000 be appropriated from the general fund of the State and also in the same bill was an item of $1,800,000 which was the estimated amount that would be collected into the State Treasury from automobile tax during the year 1915, which would give an estimated amount available for the season of 1915 of $4,567,000, against $4,040,000 which was actually available for the year previous.

"In the year 1914 the total mileage of road maintained and repaired was approximately 4,800 miles. In 1915 it is contemplated to maintain and repair 6,000 miles.

"So it is plainly seen from the above figures that the actual amounts

available for maintenance and repair in the years 1914 and 1915 were, in round figures, the same.

"It has been stated that the bill is honeycombed with appropriations actually for reconstructions of towns and villages under the guise of maintenance. The facts are as follows:

"Of the estimated amount of money available for 1915 work, which in round figures is a trifle over $4,000,000, $224,250 is to be expended for maintenance and repair, which includes re-surfacing, oiling, patroling, etc., in villages and cities, which is approximately 5 per cent. of the total amount estimated to be expended for maintaining and repairing highways within the cities and villages.

"It has been said that if the roads in New York could be kept in condition last year at a cost of $2,384,000, which is an erroneous statement and should have been $3,237,000, that $1,500,000 could be lopped-off from the legislative appropriation for highway maintenance without the slightest difficulty.

"Of course $1,500,000 could not be lopped off of $500,000, which is the only actual legislative appropriation from the general funds in 1915.

"The appropriation made by the Legislature from the funds received through the automobile bureau of the Secretary of State's office, is available only for the maintenance and repair of constructed and accepted highways in the State of New York. This fund can be used for no other purpose, therefore $1,500,000 cannot be lopped off the 1915 appropriation."

Fourth. Tuberculosis Hospital at Clinton Prison.

Mayor Mitchel stated: "The Construction bill appropriates $75,000 for a tuberculosis hospital at Clinton Prison. There is already a State Hospital in existence at Dannemora, to which any tuberculosis patients from Clinton Prison may be easily transferred. Money is now available and is being spent for an addition to the Dannemora State Hospital."

Superintendent of Prisons Riley states: "The State hospital at Dannemora is not connected in any way with Clinton Prison. It was established for the purpose of providing for the criminal insane. At the end of the last fiscal year there were 514 insane criminals confined in the institution. Its capacity, as certified by the State Hospital Commission, is 358.

"The suggestion that tubercular patients might be transferred to it is absurd, even though it was permitted by statute, as the institution already has an excess population of 156. Prisoners in any one of the

four State prisons, suffering from tuberculosis, are transferred to Clinton Prison and are segregated, but are necessarily in the same building with other prisoners. Five hundred and ninety-three cases were treated during the last fiscal year. The average number under treatment during the year was 375."

Fifth. Elimination of Grade Crossings. Mayor Mitchel stated: "The sum of $752,000 is appropriated in the construction bill for the elimination of grade crossings. Under the law, the grade crossing work must be done and approved by the Public Service Commission before a single cent can be paid out of the State Treasury. In other words, at least a year, and often two years, elapse between the time that grade crossing work is contemplated and the time that the money for such work must be paid out of the State treasury. Instead of needing more money for eliminating grade crossings, the State does not need the sum it already has on hand. For instance, on October 1, 1913, the sum of $250,000 was available for grade crossing purposes, and yet at the beginning of the present fiscal year the sum of $247,319.19 was still unexpended. Until funds already available are exhausted, I cannot see why the Legislature should pile up $752,000 more to lie idle perhaps for the next two years."

The Public Service Commission, Second Division, states: "Such statement is not in accordance with facts. Under section 35, of the State Finance Law, departments and commissions are expressly forbidden to contract indebtedness on behalf of the State, or to bind the State in an amount in excess of money appropriated or otherwise lawfully available. Because of this provision of the law, this Commission is absolutely without power to order the elimination of any grade crossing in the State howsoever dangerous, or even to approve the plans for such proposed elimination, unless and until money shall have been actually appropriated for grade crossing purposes.

"As far as the Public Service Commission for the Second District is concerned, we have contracts on hand for grade crossing eliminations bearing obligation on the part of the State in the sum of $890,000, with $707,000 available to meet such contracts. At the various times when the contracts were made, the Commission had available under appropriations for that purpose enough money to cover the work, but, owing largely to the increase in cost due to accumulated interest and to unexpected land and damage costs which could not have been forecast and estimated at the beginning, the aggregate obligation on the part

of the State has gradually increased until, as above indicated, it now exceeds the balance of appropriation available by $183,000. Until this shortage shall have been made good by further appropriation, the Commission is powerless to order any other elimination work, although there are pending before it nearly one hundred applications for the abolition of dangerous grade crossings. For every dollar appropriated by the State for this purpose, four dollars of elimination can be done, as the State's burden of the cost is one-fourth of the total, the remainder being shared by the municipality involved, which pays one-fourth, and the railroad corporation, which pays one-half. There are three or four grade crossings which are especially dangerous, and it will be a very great misfortune if provision shall not now be made in the form of an appropriation in excess of the $183,000 above mentioned, so that the Commission may, without committing a misdemeanor, proceed with the necessary plans and contracts to carry out the same in these particular cases at least.

"The $250,000 referred to were available not for the whole State but only for the First District."

If I had the time, I could answer as completely every claim that has been made by Mayor Mitchel and President McAneny, who have unquestionably been grossly misinformed. A careful reading of the various statements which have been issued by them will show conclusively that their arguments are not based on fact, but are purely speculative and rest on deductions made from a comparison with the Glynn appropriation bills, which are totally inadequate to meet the obligations and needs of the State, and merely represent an attempt to postpone until after Election the inevitable settling day. This was unsound finance and false economy, and any assumption based on the belief that it was anything else was bound to lead to an utterly false conclusion.

But the responsibility of Mr. Glynn's administration does not stop here. Not only were its appropriations inadequate as demonstrated, but it failed to make provision for enough revenue to liquidate the appropriations which it did make. Its total appropriations were $49,402,322.17, while its estimate of the resources of the State for the next fiscal year amounted to but $43,260,786.60, leaving a deficiency of $6,141,535.57. Unfortunately, the revenue for the fiscal year ending September 30, 1915, will not come up to even the Glynn expectations, but will be about $5,000,000 less. So that the provision to meet the liabilities created by the last Administration will fall short of the amount required by over

$11,000,000. The accuracy of these figures is amply sustained by the present financial status. The total cash surplus available at the beginning of the present fiscal year was $12,303,992.70. On May 1, 1915, there remained a cash balance of $6,964,097.22 in the General Fund, while the estimated revenue from May 1 to September 30 is $15,772,-781.75, making total resources of $22,772,781.75. The estimated expenditures to liquidate obligations on the books of the State on May 1, 1915, incurred by the previous Administration, amount to $25,771,152.21, while the resources available for the remainder of the present year to meet these obligations amounts to but $22,772,781.75; or, in other words, a cash surplus of $12,303.992.70 on October 1, 1914, will have been turned into an actual deficit on September 30, 1915, by the Glynn financial program.

And yet some people seek to charge the present Administration with the responsibility for a direct tax.

To what a sorry state the State treasury has been reduced is further emphasized by the situation which immediately confronts us.

The cash balance on May 1, 1915, was	$6,964,097.22
The estimated receipts for May and June, 1915, amount to	6,309,112.70
Making a total revenue in the General Fund on June 30, 1915, of	13,273,209.92
The required expenditures for May and June, as estimated by the Comptroller, amount to	17,147,147.70
Leaving an estimated cash deficiency on June 30, 1915, of	$3,873,937.78

The Comptroller is at present attempting to borrow six million dollars in anticipation of taxes to be collected, but the point has been raised that the Constitution forbids any such debt being contracted by the State, and I very much fear that the point is well taken. So that on July 1, 1915, the treasury of the State of New York will be absolutely empty, and there will be outstanding obligations of almost $4,000,000, which the State of New York will be unable to pay.

Such is the situation with which we are confronted. Unpleasant as it is, the people of the State must realize that if the State is to carry on the work of government, pay its debts, meet its obligations and see its finances restored to a sound and solvent basis, a direct tax is inevitable. No other conclusion can be drawn from the figures and facts just cited, and these facts are facts, and these figures are correct.

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